

Policy Speech by Foreign Minister Fumio Kishida
“Energy and Resource Diplomacy of Japan – global vision for a shared future”

Japan and the changes in the global energy landscape

The global energy landscape is currently undergoing a cataclysmic change, which I would like to refer to today as “the three shifts.”

The first of these is “the shift in suppliers.” The shale revolution brought with it the rise of the United States as a global energy supplier and since the end of last year, the U.S. started to export LNG to Japan. With a share of around 12% of the total value of trade around the globe, energy and mineral resources are important traded commodities and the increased prominence of U.S. LNG, which has no restrictions such as destination clauses and oil-lined pricing, is beneficial to promote free trade. As Japan is the world’s largest LNG importer, I firmly believe that collaboration between Japan and the U.S. in the forming of a liquid and transparent LNG market in Asia and the Pacific region will contribute to promoting free trade around the globe. This will not only lead to a more stable energy market but also positively impact the Japan-U.S. alliance and eventually be conducive to the peace and stability of international society as a whole.

The second aspect of the great change we are seeing is “the shift in consumers.” Emerging economies such as India, China and ASEAN countries are taking the lead in the growth of global energy demand. These countries are required to address air pollution while improving energy efficiency and energy access. I believe that cooperation through Japan’s advanced environmental technologies and world-renowned expertise in energy efficiency can make a tremendous contribution to these Asian countries.

The third element of change is “the shift towards low-carbonization.” Climate change is a global challenge, and low-carbonization is imperative for the energy sector, as it accounts for more than two-thirds of all greenhouse-gas emissions. Japan is taking various actions in this regard including the “Fukushima New Energy Society Initiative.” It is particularly important for both Japan and the whole world to expand international cooperation through renewable energy and energy efficiency.

In addition to these “three shifts,” the policy trends of each country are also highly consequential. In particular, the U.S. is undergoing a significant policy transition under the Trump Administration that upholds energy as a priority agenda, with the announcement of its intention to withdraw from the Paris Agreement, to enhance its nuclear industry, and to review the barriers to the financing of highly efficient coal energy plants in other countries. We should keep a close eye on the possible effects of such moves on the global energy picture.

Vision and Strategy for Japan's Energy and Resource Diplomacy

Given the changes in the global energy landscape, energy security for Japan and the whole world can only be achieved via mutual dependence. In other words, exporters and importers of energy and resources should broaden their mutual benefits under a shared vision.

Ensuring a stable supply of energy and resources is of paramount importance for Japan, but today, I would like to announce the vision of Japan's diplomacy in the aim of contributing to the world in this area. We believe that our contribution to providing solutions for global challenges will lead to Japan's own energy security. Specifically, our vision includes the following five points: firstly, promoting free trade and investment in energy and resources and realizing sophisticated markets; secondly, accelerating efforts toward energy access for all; thirdly, reducing environmental costs and improving energy efficiency; fourthly, promoting development and deployment of new energy and renewable energy; and finally, strengthening international preparedness for emergencies in oil and gas supplies and global energy governance. It is my firm belief that, by making our utmost efforts to achieve this vision "win-win" relationships with resource-rich countries will be strengthened, eventually leading to a stable supply of energy and resources to Japan. At the same time Japan can demonstrate leadership in strengthening energy security in the world.

Toward realizing this vision, we have set the following three pillars as the core of Japan's "Roadmap for a strengthened energy and resource diplomacy."

The first pillar is to strengthen our strategic approach to energy and resource issues as part of Japan's diplomacy. Energy and resource diplomacy needs to constantly evolve in tandem with changes in the international situation. In order to achieve this end, the relevant Japanese government authorities will work as one to promote cooperation through various bilateral and multilateral frameworks and to build multi-layered partnerships in the area of energy and resources. Energy will be discussed as one of the major issues for the U.S.-Japan Economic Dialogue launched by Deputy Prime Minister Taro Aso and the U.S Vice President Mike Pence.

As energy and resources are major traded commodities, diplomacy in these areas plays a key role in free trade and investment promotion. In light of this perspective, Japan will pursue investment protection and business environment improvement through international frameworks including the "Energy Charter Treaty (ECT)," a multilateral investment protection treaty in the field of energy. Last year, I had the honor of serving as the Chairman of the Energy Charter Conference held in Tokyo. The Conference drew delegates from 74 countries, the highest rate of participation ever, and I witnessed the adoption of the Tokyo Declaration. I also believe that, in order to promote free trade of energy, it is important for Japan to take the initiative in creating a more liquid and transparent LNG market.

The second pillar is to take a multi-layered approach when conducting energy and resource diplomacy so that Japan can cater to various needs. In other words, Japan aims to offer tailor-made solutions while addressing both global and local issues faced by recipient countries. Currently, the Foreign Ministry assigns “Special Assistants for Natural Resources” at 60 overseas diplomatic missions in 53 countries. With the aid of these specialists, Japan will effectively share information with Japanese companies, analyze the needs of resource-rich countries, and strengthen mutually beneficial relationships. Furthermore, Japan will reach out to the countries concerned in a timely and effective manner by strengthening an organic linkage among all domestic stakeholders, including private enterprises with remarkable technologies as well as government-affiliated organizations such as JICA, JOGMEC, JBIC and NEXI.

The third pillar is to consolidate “Japan’s unique strengths” and apply them in the field of energy and resources. This can be achieved by highlighting such strengths in our assistance and cooperation while strengthening our public relations activities. Japan’s assistance aims to build a long-term partnership with recipient countries for mutual benefit, and its unique strengths can be found in such areas as human resource development, environmental and low-carbon technologies, and building quality infrastructure. As for human resource development, an area where Japan has been making a particularly strong commitment, Japan is achieving tangible results by investing in the future of resource-rich countries through programs including the “Kizuna program” and the “African Business Education Initiative for Youth (ABE initiative).” Japan will continue to deepen mutual trust with resource-rich countries.

On this occasion, let me introduce our upcoming event on the “Fukushima New Energy Society Initiative,” a plan launched by Prime Minister Shinzo Abe in April last year to create a model for a new energy society in Fukushima. In January next year, Japan will host an event on the sidelines of the World Future Energy Summit 2018 in the United Arab Emirates where we will showcase our energy technologies for the future. Bringing together all the wisdom of the public and private sectors in Japan, this initiative aims to turn Fukushima into a pioneer in the field of renewable and hydrogen energy and to build a new energy system for the sake of our children in the future. Today, by publicly announcing the holding of this event, we would like to show our determination to deploy Japan’s advanced technologies both domestically and abroad, especially in countries and regions faced with energy poverty, and to actively contribute to increasing energy security around the globe.

Conclusion

Energy and resource security is an issue that concerns not only Japan but the entire world. I sincerely hope you will have a fruitful discussion during this symposium today. Thank you very much.

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